

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

| | | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------------------------------|--------|
| Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other | | Local Unit Name | County |
| Fiscal Year End | Opinion Date | Date Audit Report Submitted to State | |

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

| | | | | |
|--------------------------------------------|--------------------------|--------------------------------------------|----------------|-----|
| We have enclosed the following: | Enclosed | Not Required (enter a brief justification) | | |
| Financial Statements | <input type="checkbox"/> | | | |
| The letter of Comments and Recommendations | <input type="checkbox"/> | | | |
| Other (Describe) | <input type="checkbox"/> | | | |
| Certified Public Accountant (Firm Name) | | Telephone Number | | |
| Street Address | | City | State | Zip |
| Authorizing CPA Signature | Printed Name | | License Number | |

TOWNSHIP OF LYNDON

REPORT ON AUDIT
OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2007

TOWNSHIP OF LYNDON

TOWNSHIP OFFICIALS

Supervisor - Maryann Noah
Clerk - Linda Reilly
Treasurer - Mary Jane Maze

TOWNSHIP BOARD

Kathryn Francis
Mary Jane Maze
Maryann Noah
Linda Reilly
LeeAnn Shanahan

TOWNSHIP ATTORNEY

Keusch and Flintoff, P.C.

TOWNSHIP AUDITORS

Pfeffer, Hanniford & Palka
Certified Public Accountants

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May 23, 2007

Board of Trustees
Township of Lyndon
17751 N. Territorial Road
Chelsea, Michigan 48118

INDEPENDENT AUDITORS' REPORT

Honorable Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Lyndon as of and for the year ended March 31, 2007, which collectively comprise the Township of Lyndon's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Lyndon's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Lyndon as of March 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and other Required Supplementary Information on pages 7 through 10 and 33 through 34 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Lyndon's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, such as the combining and individual fund statements, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on them.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

MANAGEMENT DISCUSSION
AND
ANALYSIS

Management Discussion and Analysis March 31, 2007

Within this section of the Township of Lyndon's annual financial report, the Township's management is providing a narrative discussion and analysis of the financial activities of the Township for the fiscal year ended March 31, 2007. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Township's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Township's basic financial statements. The basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. The Township also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Township's annual reports include two government-wide financial statements. These statements provide both long-term and short-term information about the Township's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Assets. This is the Township-wide statement of position presenting information that includes all the Township's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township as a whole is improving or deteriorating. Evaluation of the overall health of the Township may extend to various nonfinancial factors as well.

The second government-wide statement is the Statement of Activities which reports how the Township's net assets changed during the current fiscal year. The design of this statement is to show the financial reliance of the Township's distinct activities or functions on the revenues generated by the Township.

Governmental activities include such activities as general government, public safety, and planning and zoning departments. Fiduciary activities such as tax collection are not included in the government-wide statements since these assets are not available to fund Township programs.

The Township's financial reporting includes all the funds of the Township (primary government) and, additionally, organizations for which the Township is accountable (component units).

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Township uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Township's most significant funds rather than the Township as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the combining statements later in this report.

The Township has two kinds of funds:

Governmental funds are reported in the financial statements and encompass essentially the same functions as governmental activities in the government-wide financial statements except with a different focus on the financial activity. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of these resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the focus of the government-wide financial statements includes a long-term view, a reconciliation of these fund balances has been completed to detail its relation to net assets.

Fiduciary funds are reported in the fiduciary fund financial statements, but are excluded from the government-wide statements. Fiduciary fund financial statements report resources that are not available to fund Township activities.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of both the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Other supplementary information includes detail by fund for receivables, payables, transfers, and payments within the reporting entity.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

Financial Analysis of the Township as a Whole

The Township's net assets at the end of the fiscal year were \$1,816,708. This is a \$373,664 increase over last year's net assets of \$1,443,044.

The following tables provide a summary of the Township's financial activities and changes in net assets:

Summary of Net Assets

| | Governmental Activities | |
|-------------------------------------------------|-------------------------|--------------|
| | 3/31/2006 | 3/31/2007 |
| Current and other assets | \$ 7,226,980 | \$ 6,161,342 |
| Capital assets | 197,547 | 201,800 |
| Total assets | 7,424,527 | 6,363,142 |
| Accounts payable and accrued expenses | 1,078,530 | 77,186 |
| Bonds payable | 4,902,953 | 4,469,248 |
| Total liabilities | 5,981,483 | 4,546,434 |
| Net assets: | | |
| Invested in capital assets, net of related debt | 197,547 | 201,800 |
| Unrestricted | 1,245,497 | 1,614,908 |
| Total net assets | \$ 1,443,044 | \$ 1,816,708 |

Summary of Changes in Net Assets

| | Governmental Activities | |
|------------------------------------------------------|-------------------------|--------------|
| | 3/31/2006 | 3/31/2007 |
| Revenues | | |
| Program revenues | | |
| Charges for services | \$ 245,886 | \$ 47,710 |
| Operating contributions | 10,920 | 152,976 |
| General revenues | | |
| State shared revenues | 175,382 | 173,814 |
| Property taxes | 85,021 | 94,577 |
| Interest income | 275,450 | 480,059 |
| Other income | 10,386 | 77,516 |
| Total revenues | 803,045 | 1,026,652 |
| Expenses | | |
| General government | 251,237 | 250,449 |
| Fire protection | 143,984 | 172,201 |
| Sewer system project | 960,137 | 503 |
| Public works | 20,115 | 20,676 |
| Interest on long-term debt | 192,157 | 198,194 |
| Total expenses | 1,567,630 | 642,023 |
| Change in net assets | (764,585) | 384,629 |
| Beginning net assets- before prior period adjustment | 2,207,629 | 1,443,044 |
| Prior period adjustment | | (10,965) |
| Beginning net assets - after prior period adjustment | 2,207,629 | 1,432,079 |
| Ending net assets | \$ 1,443,044 | \$ 1,816,708 |

The Township had some major project costs during the year to create such a large decrease in net assets. This was to reimburse the county for construction costs with its joint venture with Sylvan Township.

Financial Analysis of the Township's Funds

Webster Township reported four major funds for the year ended March 31, 2007. These funds included:

- General Fund
- Fire Fund
- Multi-Lake Phase II Debt Service Fund
- Sugarloaf Debt Service Fund

The General Fund increased its fund balance by \$64,091. This increase from the increase is tax revenue.

The Fire Fund had revenues over expenditures totaling \$13,373. This is typical for this fund as it receives special assessments virtually equal to the cost of contracting fire protection services.

The Multi-Lake Phase II Debt Service Fund had revenues over expenditures totaling \$93,912. This is typical for the debt service activity in this fund. They increased their tax revenues.

The final major fund, the Sugarloaf Debt Service fund had revenues in excess of expenditures of \$360,532 primarily due to the refund of 40,147 project costs and contributions from the county of \$152,976.

General Fund Budgetary Highlights

The Township approved a budget prior to the start of the fiscal year, and made immaterial amendments in the unallocated and election activities. The Township exceeded appropriations only in the recycling activity.

Capital Asset and Debt Administration

The Township acquired 2 voting machines from the state this year for a cost of \$12,184 assets during the year ended March 31, 2007.

A total of \$433,705 of principal was paid on the outstanding bonds payable debt of the Township and reducing the principal owed to \$4,035,543.

Economic Conditions and Future Activities

Anticipated future decreases in state revenue sharing could have a substantial effect on operations for subsequent periods. The Township will be continuing its effort to create reserves for future capital improvements.

Contacting the Township's Financial Management

This report is designed to provide a general overview of the Township's financial position and comply with finance-related regulations. If you have any further questions about this report or request additional information please contact the Township of Lyndon at 17751 N. Territorial Road, Chelsea, MI 48118.

BASIC
FINANCIAL
STATEMENTS

GOVERNMENT-WIDE
FINANCIAL
STATEMENTS

TOWNSHIP OF LYNDON
STATEMENT OF NET ASSETS
MARCH 31, 2007

ASSETS

| | |
|--------------------------------------|--------------|
| Cash and cash equivalents | \$ 3,138,025 |
| Receivables | |
| Taxes | 20,919 |
| Special assessments | 2,919,477 |
| State | 28,537 |
| Accounts | 48,633 |
| Capital assets - net of depreciation | 201,800 |
| Due from other funds | <u>5,751</u> |

| | |
|--------------|------------------|
| Total assets | <u>6,363,142</u> |
|--------------|------------------|

LIABILITIES

| | |
|--------------------------|------------------|
| Accounts payable | 1,723 |
| Accrued interest payable | 75,463 |
| Bonds payable | |
| Current | 433,705 |
| Non-current | <u>4,035,543</u> |

| | |
|-------------------|-----------|
| Total liabilities | 4,546,434 |
|-------------------|-----------|

NET ASSETS

| | |
|---------------------------------------------------|------------------|
| Investment in capital assets, net of related debt | 201,800 |
| Unrestricted | <u>1,614,908</u> |

| | |
|------------------|----------------------------|
| Total net assets | <u><u>\$ 1,816,708</u></u> |
|------------------|----------------------------|

The notes are an integral part of these financial statements.

TOWNSHIP OF LYNDON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2007

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Net (Expense) Revenues and Changes in Net Assets</u> |
|--------------------------------|-----------------|---------------------------------|---------------------------------------------------|---------------------------------------------------------------------|
| GOVERNMENTAL ACTIVITIES | | | | |
| General government | \$ (250,449) | \$ 46,412 | \$ | \$ (204,037) |
| Fire protection | (172,201) | 1,298 | | (170,903) |
| Sewer system project | (503) | | 152,976 | 152,473 |
| Public works | (20,676) | | | (20,676) |
| Interest on long-term debt | (198,194) | | | (198,194) |
| Total governmental activities | (642,023) | 47,710 | 152,976 | (441,337) |
| General revenues | | | | |
| Property taxes | | | | 94,577 |
| State shared revenues | | | | 173,814 |
| Reimbursed from project costs | | | | 40,147 |
| Unrestricted interest earnings | | | | |
| Cash and equivalents | | | | 126,714 |
| Special assessments | | | | 364,425 |
| Other income | | | | 26,289 |
| Total general revenues | | | | 825,966 |
| Changes in net assets | | | | 384,629 |
| Net assets, April 1, 2006 | | | | |
| Before Prior Period Adjustment | | | | 1,443,044 |
| Prior period adjustment | | | | (10,965) |
| Net assets, April 1, 2006 | | | | |
| After Prior Period Adjustment | | | | 1,432,079 |
| Net assets, March 31, 2007 | | | | \$ 1,816,708 |

The notes are an integral part of these financial statements.

FUND
FINANCIAL
STATEMENTS

TOWNSHIP OF LYNDON
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2007

| | <u>General</u> | <u>Fire</u> | <u>Multi-Lake Phase II Debt Service</u> |
|-----------------------------------------|-------------------|-------------------|-------------------------------------------------|
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 386,161 | \$ 170,990 | \$ 1,283,592 |
| Receivables | | | |
| Special assessments | | | 1,592,896 |
| Taxes | 10,645 | 10,274 | |
| State shared revenues | 28,537 | | |
| Accounts | 19,000 | | 21,000 |
| Due from other funds | 4,677 | 29,919 | 1,026 |
| | <u>4,677</u> | <u>29,919</u> | <u>1,026</u> |
| Total assets | <u>\$ 449,020</u> | <u>\$ 211,183</u> | <u>\$ 2,898,514</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | | |
| Liabilities | | | |
| Accounts payable | \$ 1,596 | \$ 127 | \$ |
| Accrued interest | | | 43,063 |
| Matured bonds payable | | | 178,205 |
| Due to other funds | 34,114 | | |
| Deferred revenues | | | 1,592,896 |
| | <u>34,114</u> | <u></u> | <u>1,592,896</u> |
| Total liabilities | <u>35,710</u> | <u>127</u> | <u>1,814,164</u> |
| Fund Balance | | | |
| Unreserved | 413,310 | | |
| Designated | | | |
| Debt service | | | 1,084,350 |
| Fire protection | | 211,056 | |
| | <u>413,310</u> | <u>211,056</u> | <u>1,084,350</u> |
| Total fund balance | <u>413,310</u> | <u>211,056</u> | <u>1,084,350</u> |
| Total liabilities fund balance | <u>\$ 449,020</u> | <u>\$ 211,183</u> | <u>\$ 2,898,514</u> |

The notes are an integral part of the financial statements.

| <u>Sugarloaf Debt Service</u> | <u>Other Non-major Funds</u> | <u>Totals</u> |
|-----------------------------------|--------------------------------------|---------------------|
| \$ 1,060,353 | \$ 236,929 | \$ 3,138,025 |
| 1,228,638 | 97,943 | 2,919,477 |
| | | 20,919 |
| | | 28,537 |
| 8,633 | | 48,633 |
| <u>1,337</u> | <u>3,932</u> | <u>40,891</u> |
| <u>\$ 2,298,961</u> | <u>\$ 338,804</u> | <u>\$ 6,196,482</u> |

| | | |
|---------------------|-------------------|---------------------|
| \$ | \$ | \$ 1,723 |
| 32,400 | | 75,463 |
| 255,500 | | 433,705 |
| | 1,026 | 35,140 |
| <u>1,228,639</u> | <u>95,970</u> | <u>2,917,505</u> |
| <u>1,516,539</u> | <u>96,996</u> | <u>3,463,536</u> |
| | 201,472 | 614,782 |
| 782,422 | 40,336 | 1,907,108 |
| | | <u>211,056</u> |
| <u>782,422</u> | <u>241,808</u> | <u>2,732,946</u> |
| <u>\$ 2,298,961</u> | <u>\$ 338,804</u> | <u>\$ 6,196,482</u> |

TOWNSHIP OF LYNDON
RECONCILIATION OF STATEMENT OF NET ASSETS
OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET
MARCH 31, 2007

Amounts reported for governmental activities in the Statement of Net Assets are different because:

| | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------------|
| Total fund balance per balance sheet | | \$ 2,732,946 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds | | |
| Historical cost | \$ 234,404 | |
| Depreciation | <u>(32,604)</u> | |
| Capital assets, net of depreciation | | 201,800 |
| Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These include: | | |
| Bonds payable (long-term portion) | | (4,035,543) |
| Deferred revenues on special assessments was recognized as revenue in the government-wide statements. Assessments are income as they are assessed. | | <u>2,917,505</u> |
| Net assets of governmental activities | | <u>\$ 1,816,708</u> |

The notes are an integral part of the financial statements.

LYNDON TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2007

| | General | Fire | Multi-Lake Phase II Debt Service |
|----------------------------------------------|-------------------|-------------------|----------------------------------------|
| REVENUES | | | |
| Taxes | \$ 94,577 | \$ | \$ |
| Special assessments | | 178,846 | 321,530 |
| Licenses and permits | 11,080 | | |
| State shared revenues | 173,814 | | |
| Contributions from county | | | |
| Reimbursement for project cost | | | |
| Charges for services | 46,412 | 1,298 | |
| Interest | 14,949 | 5,430 | 37,563 |
| Miscellaneous | 22,248 | | 109 |
| | <u>363,080</u> | <u>185,574</u> | <u>359,202</u> |
| Total revenues | | | |
| EXPENDITURES | | | |
| General government | 248,313 | | |
| Fire protection | | 172,201 | |
| Sewer project costs | | | |
| Public works | 20,676 | | |
| Debt service | | | 295,390 |
| | <u>268,989</u> | <u>172,201</u> | <u>295,390</u> |
| Total expenditures | | | |
| Excess of revenues over (under) expenditures | 94,091 | 13,373 | 63,812 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | | | 30,100 |
| Transfers out | (30,000) | | |
| | <u>(30,000)</u> | | <u>30,100</u> |
| Total other financing sources (uses) | | | |
| Net changes in fund balances | 64,091 | 13,373 | 93,912 |
| FUND BALANCE, - APRIL 1 2006 | 349,219 | 208,648 | 990,438 |
| PRIOR PERIOD ADJUSTMENT | | (10,965) | |
| | <u>\$ 413,310</u> | <u>\$ 211,056</u> | <u>\$ 1,084,350</u> |
| FUND BALANCE, MARCH 31, 2007 | | | |

The notes are an integral part of the financial statements.

| <u>Sugarloaf Debt Service</u> | <u>Other Non-major Funds</u> | <u>Totals</u> |
|-----------------------------------|--------------------------------------|---------------------|
| \$ | \$ | 94,577 |
| 456,607 | 20,711 | 977,694 |
| | | 11,080 |
| | | 173,814 |
| 152,976 | | 152,976 |
| 40,147 | | 40,147 |
| | | 47,710 |
| 47,814 | 9,878 | 115,634 |
| | 3,932 | 26,289 |
| <u>697,544</u> | <u>34,521</u> | <u>1,639,921</u> |
| | 6,389 | 254,702 |
| | | 172,201 |
| 503 | | 503 |
| | | 20,676 |
| <u>336,509</u> | <u></u> | <u>631,899</u> |
| <u>337,012</u> | <u>6,389</u> | <u>1,079,981</u> |
| 360,532 | 28,132 | 559,940 |
| | 30,000 | 60,100 |
| | <u>(30,100)</u> | <u>(60,100)</u> |
| | <u>(100)</u> | <u></u> |
| 360,532 | 28,032 | 559,940 |
| 421,890 | 213,776 | 2,183,971 |
| | | <u>(10,965)</u> |
| <u>\$ 782,422</u> | <u>\$ 241,808</u> | <u>\$ 2,732,946</u> |

TOWNSHIP OF LYNDON
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2007

Amounts reported for governmental activities in the Statement of Activities are different because:

| | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| Net change in fund balances - governmental funds | \$ 559,940 |
| Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their useful lives as depreciation expense. | |
| Depreciation expense | \$ (7,931) |
| Capital outlay | <u>12,184</u> |
| Total | 4,253 |
| Repayment of bond and contracts payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets | |
| Repayment of bonds payable | 433,705 |
| Principal received on special assessments are income as they are levied annually for governmental funds, but they are income when they are levied for the Statement of Activities. | |
| Principal collected on assessments | <u>(613,269)</u> |
| Change in net assets of governmental activities | <u><u>\$ 384,629</u></u> |

The notes are an integral part of the financial statements.

TOWNSHIP OF LYNDON
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
MARCH 31, 2007

| | Current Tax Collection | Trust and Agency | Totals |
|----------------------|---------------------------|---------------------|------------------|
| ASSET | | | |
| Cash | \$ 18,850 | \$ 18,654 | \$ 37,504 |
| Due from other funds | | 821 | 821 |
| Total assets | <u>18,850</u> | <u>19,475</u> | <u>38,325</u> |
| LIABILITIES | | | |
| Due to other funds | 6,572 | \$ | 6,572 |
| Due to others | <u>12,278</u> | <u>19,475</u> | <u>31,753</u> |
| Total liabilities | <u>\$ 18,850</u> | <u>\$ 19,475</u> | <u>\$ 38,325</u> |

NOTES
TO
FINANCIAL
STATEMENTS

TOWNSHIP OF LYNDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township of Lyndon is a general law township located in the northwest corner of Washtenaw County.

The accounting policies of the Township of Lyndon conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

A. BASIC FINANCIAL STATEMENTS

In accordance with GASB Statement No. 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Assets and Statement of Activities) report on the Township as a whole, excluding fiduciary activities. Governmental fund types are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Generally, the effect of interfund activity has been removed from the government-wide financial statements.

The government-wide Statement of Net Assets reports all financial and capital resources of the Township (excluding fiduciary funds). It is displayed in a format of assets less liabilities equals net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components: 1) invested in capital assets 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, laws, or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as restricted, are shown as unrestricted. Generally, the Township would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The government-wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the Township are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expense between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

LYNDON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Also, part of the basic financial statements are fund financial statements for the governmental funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures of fund category and of the governmental funds combined), it also gives governments the option of displaying other funds as major funds. Other non-major funds are combined in a single column on the fund financial statements.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Fire Fund accounts for the Township's fire protection services. This fund is primarily funded through special assessments collected.

The Multi Lake Phase II Debt Service Fund accounts for the debt servicing activities related to the Township's participation in an area sewer authority. The debt is service from the special assessments collected to repay bonds issued.

The Sugarloaf Debt Service Fund accounts for the project costs and related debt service to connect residents to an area sewer authority. Special assessment bonds were issued to finance these connections.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The governmental fund financial statements are prepared on a modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

- A. Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, licenses, fees and permits, intergovernmental revenues, charges for services and interest.
- B. Expenditures are recorded when the related fund liability is incurred. Principal and interest on long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
- C. Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as another financing source.

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balances as a measure of available spendable resources.

LYNDON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the Township's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

Fiduciary funds account for assets held by the Township in a trustee or agency capacity on behalf of others and, therefore, are not available to support Township programs. The reporting focus is upon net assets and changes in net assets and employs accounting principles similar to proprietary funds. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the Township available to support Township programs.

C. CAPITAL ASSETS

Under GASB Statement No. 34, all capital assets whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Land is considered a capital asset regardless of initial cost. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| | |
|----------------------------------------|----------------|
| Buildings, structures and improvements | 10 to 50 years |
| Machinery and equipment | 5 to 40 years |

Any capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

TOWNSHIP OF LYNDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. BUDGETARY DATA

The board of trustees follow the procedures as outlined in the Uniform Budgeting Manual for Local Units of Government in Michigan in the establishment of the various annual budgets.

The supervisor prepares the annual budgets through information received by the clerk. The proposed budget is then submitted for discussion and approval by the entire Township board. The budget is approved by activity, rather than line by line. If and when it becomes necessary to amend certain amounts in the budget, a proposal outlining the desired changes is made to and approved by the Township board at any of their regular meetings. Budget appropriations made but not expended by year end will lapse with the fiscal year end. Expenditures exceeded appropriations in the recycling activity.

E. PROPERTY TAXES

The Township property tax is levied each December 1 on the taxable valuation of property located in the Township as of the preceding December 31. Taxable values are established annually by the county and are equalized by the state at an estimated 50 percent of current market value. Real and personal property in the Township for the 2006 levy was assessed at an adjusted taxable value of \$124,108,182. The Township's general operating tax rate for the 2006 levy was .7576 mills. Taxes are due and payable by February 28. Delinquent real property taxes are returned to the County Treasurer for collection. In June 2007, the county revolving fund paid the Township for the delinquent real taxes.

F. MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

TOWNSHIP OF LYNDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. DEPOSITS AND INVESTMENTS

The Township's cash and cash equivalents are considered to be demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Township to deposit in the accounts of federally insured banks, credit union, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, bankers acceptances, and mutual funds composed of other wise legal investments.

I. RECEIVABLES

All receivables are reported at their net value by being reduced, where appropriate, by the estimated portion that is expected to be uncollectible.

J. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

K. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond March 31, 2007, are recorded as prepaid expenditures

L. INCOME TAXES

As a governmental agency, the Township is exempt from both federal income taxes and Michigan Single Business Tax.

TOWNSHIP OF LYNDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007

NOTE 2 - DESCRIPTION OF REPORTING ENTITY

In accordance with Governmental Accounting Standards Board (GASB) statement number 39, all funds, agencies, and activities of the Township of Lyndon as the primary government have been included in the financial statements.

The following potential component units has been evaluated under the criteria established by GASB statement number 39 and determined not to be component units based on financial independence and accountability:

1. Multi Lake Sewer and Water Authority - The Township of Lyndon appoints two members of the authority's six member board. The authority is fiscally independent from the township. The authority is audited as an independent entity in compliance with Public Act. 2.
2. Chelsea Area Construction Agency - Lyndon Township appoints one member of the agency's six member board. The agency is fiscally independent from the township. The agency is audited as an independent entity in compliance with Public Act 2.
3. Leoni Regional Utility Authority - The authority is an interlocal agreement which includes several area townships. Lyndon Township appoints one member to the authority's board. The authority is audited as an independent entity in compliance with Public Act 2.
4. Sylvan Township Sewer and Water Authority - The Township of Lyndon appoints one member of the authority's five member board. The authority is fiscally independent from the township. The authority is a component unit of Sylvan Township, Washtenaw County.
5. Western Washtenaw Recycling Authority - The Township of Lyndon appoints one member of the authority's eight member board. The authority is fiscally independent from the township. The authority is audited as an independent entity in compliance with Public Act 2.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

All interfund balances are short-term in character. Interfund transfers will be collected during the next reporting period. The amounts of interfund receivables and payables are as follows:

| <u>Fund</u> | <u>Interfund Receivable</u> | <u>Fund</u> | <u>Interfund Payable</u> |
|-----------------------------|---------------------------------|-------------------|------------------------------|
| General Fund | \$ 4,677 | Current Tax Fund | \$ 4,677 |
| Fire Fund | 557 | Current Tax Fund | 557 |
| Fire Fund | 29,361 | General Fund | 29,361 |
| Trust and Agency Fund | 821 | General Fund | 821 |
| Multi Lake Phase II | | | |
| Debt Service Fund | 1,026 | Multi Lakes I | 1,026 |
| Sugarloaf Debt Service Fund | 1,337 | Debt Service Fund | 1,337 |
| Public Improvement Fund | 3,932 | General Fund | 3,932 |
| Total | <u>\$ 41,711</u> | Total | <u>\$ 41,711</u> |

TOWNSHIP OF LYNDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS (continued)

Interfund transfers reported in the fund financial statements are comprised of the following:

| <u>Fund</u> | <u>Transfer Out Amount</u> | <u>Fund</u> | <u>Transfer in Amount</u> |
|--------------|--------------------------------|--------------------------|-------------------------------|
| General Fund | <u>\$ 30,000</u> | Public Improvement Funds | <u>\$ 30,000</u> |

NOTE 4 - DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by the Public Employees Benefit Services Corporation (PEBSO). The assets of the plan are held in a trust for the exclusive benefit of the participants and their beneficiaries. The Township does not contribute any of its own money to the plan. All money is withheld from each individuals pay check.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2007 was as follows:

| | <u>Balance 4/1/06</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance 3/31/07</u> |
|-----------------------------------------------|---------------------------|------------------|------------------|----------------------------|
| Land | \$ 108,310 | \$ | \$ | \$ 108,310 |
| Buildings and improvements | 103,893 | | | 103,893 |
| Equipment | <u>10,017</u> | <u>12,184</u> | | <u>22,201</u> |
| Total capital assets | 222,220 | 12,184 | | 234,404 |
| Accumulated depreciation | <u>(24,673)</u> | <u>(7,931)</u> | | <u>(32,604)</u> |
| Governmental activities capital asset, net | <u>\$ 197,547</u> | <u>\$ 4,253</u> | <u>\$</u> | <u>\$ 201,800</u> |

Depreciation expense is being recorded in the government-wide statement of activities based upon the fund and activity utilizing the assets. The Township utilizes the straight line method to depreciate capital assets over their estimated useful lives. No debt is associated with these capital assets. Depreciation expense was allocated to the following activities:

General government \$ 7,931

TOWNSHIP OF LYNDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007

NOTE 6 - LONG-TERM DEBT

The following is a summary of Township special assessment debt for the year ended March 31, 2007:

| | <u>Balance 4/1/06</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance 3/31/07</u> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|------------------|-------------------|----------------------------|
| Bonds payable to the County of Washtenaw used to finance Multi Lake Sanitary Sewer System Phase II; interest charged at 3.0% to 5.0% matures 2020. | \$ 2,277,058 | \$ | \$ 178,205 | \$ 2,098,853 |
| Bonds payable to the county of Washtenaw used to finance Sylvan Township water and sewer authority sewer system. Interest charged at 1.38% to 4.375% and matures in 2022. | <u>2,192,190</u> | | <u>255,500</u> | <u>1,936,690</u> |
| | <u>\$ 4,469,248</u> | <u>\$</u> | <u>\$ 433,705</u> | <u>\$ 4,035,543</u> |

TOWNSHIP OF LYNDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007

NOTE 6 - LONG-TERM DEBT (continued)

The following is a schedule of principal and interest payments to service the long-term obligation of the Township:

| Year ended March 31, | County of Washtenaw Multi Lake Sanitary Sewer System Bonds II | | County of Washtenaw Sylvan SWATH Sewer System Bonds I | | Total | |
|-----------------------------------------------------------|---------------------------------------------------------------------|-------------------|-------------------------------------------------------------|-------------------|---------------------|---------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2008 | \$ 178,205 | \$ 99,790 | \$ 255,500 | \$ 74,660 | \$ 433,705 | \$ 174,450 |
| 2009 | 178,205 | 92,550 | 255,500 | 68,273 | 433,705 | 160,823 |
| 2010 | 178,205 | 85,088 | 153,300 | 62,780 | 331,505 | 147,868 |
| 2011 | 158,404 | 77,836 | 153,300 | 57,989 | 311,704 | 135,825 |
| 2012 | 158,404 | 70,905 | 109,865 | 53,575 | 268,269 | 124,480 |
| 2013 - 2017 | 792,020 | 248,318 | 574,875 | 202,069 | 1,366,895 | 450,387 |
| 2018 - 2022 | 633,615 | 63,163 | 574,875 | 85,771 | 1,208,490 | 148,934 |
| 2023 | | | 114,975 | 2,515 | 114,975 | 2,515 |
| Total | 2,277,058 | 737,650 | 2,192,190 | 607,632 | 4,469,248 | 1,345,282 |
| Less: current portion recorded in debt service fund | (178,205) | (43,063) | (255,500) | (32,400) | (433,705) | (75,463) |
| Total | <u>\$ 2,098,853</u> | <u>\$ 694,587</u> | <u>\$ 1,936,690</u> | <u>\$ 575,232</u> | <u>\$ 4,035,543</u> | <u>\$ 1,269,819</u> |

NOTE 7 - DEPOSITS WITH FINANCIAL INSTITUTIONS

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit union, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal Agency obligation repurchase agreements; bankers; acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The investment policy adopted by the board is in accordance with Act 196 PA 1997. The Township's deposits and investments are in accordance with statutory authority.

TOWNSHIP OF LYNDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007

NOTE 7 - DEPOSITS WITH FINANCIAL INSTITUTIONS (continued)

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Township's deposits and investments are as follows:

| <u>Deposits</u> | <u>Carrying Amount</u> | <u>Bank Balance</u> |
|--------------------------------|----------------------------|-------------------------|
| Insured | \$ 400,000 | \$ 400,000 |
| Uninsured and uncollateralized | <u>2,775,529</u> | <u>2,780,906</u> |
| Total deposits | <u>\$ 3,175,529</u> | <u>\$ 3,180,906</u> |

The carrying amount above includes funds from:

| | |
|--------------------|---------------------|
| Primary government | \$ 3,138,025 |
| Fiduciary funds | <u>37,504</u> |
| | <u>\$ 3,175,529</u> |

NOTE 8 - STATE GRANT ACTIVITIES

The Township of Lyndon was a recipient of a grant from the State of Michigan in the previous year. The grant received is still subject to financial and compliance by the grantors or their representatives.

REQUIRED
SUPPLEMENTARY
INFORMATION

TOWNSHIP OF LYNDON
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2007

| | Budget Amount | | | Variance with Final Budget Positive (Negative) |
|--------------------------------------------------------------|---------------|------------|------------|------------------------------------------------------------|
| | Original | Final | Actual | |
| REVENUES | | | | |
| Taxes | \$ 87,000 | \$ 87,000 | \$ 94,577 | \$ 7,577 |
| Licenses and permits | 17,000 | 17,000 | 11,080 | (5,920) |
| State shared revenues | 170,000 | 170,000 | 173,814 | 3,814 |
| Charges for services | 50,500 | 50,500 | 46,412 | (4,088) |
| Interest | 5,500 | 5,500 | 14,949 | 9,449 |
| Miscellaneous revenues | 9,211 | 9,211 | 22,248 | 13,037 |
| Total revenues | 339,211 | 339,211 | 363,080 | 23,869 |
| EXPENDITURES | | | | |
| Township board | 63,600 | 63,600 | 42,094 | 21,506 |
| Supervisor | 28,536 | 28,536 | 24,023 | 4,513 |
| Elections | 24,700 | 24,700 | 17,836 | 6,864 |
| Ordinance officer | 21,100 | 21,100 | 16,162 | 4,938 |
| Assessor | 27,300 | 27,300 | 24,818 | 2,482 |
| Clerk | 30,686 | 30,686 | 26,863 | 3,823 |
| Board of review | 1,900 | 1,900 | 1,860 | 40 |
| Treasurer | 32,986 | 32,986 | 28,795 | 4,191 |
| Township hall and grounds | 25,000 | 25,000 | 17,455 | 7,545 |
| Unallocated | 45,000 | 45,000 | 42,455 | 2,545 |
| Planning commision | 8,800 | 8,800 | 4,315 | 4,485 |
| Zoning board of appeals | 3,250 | 3,250 | 1,637 | 1,613 |
| Recycling | 4,000 | 4,000 | 4,472 | (472) |
| Landfill closing | 5,000 | 5,000 | 3,525 | 1,475 |
| Roads | 15,000 | 15,000 | 12,679 | 2,321 |
| Total expenditures | 336,858 | 336,858 | 268,989 | 67,869 |
| Excess (Deficiency) of revenues over (under) expenditures | 2,353 | 2,353 | 94,091 | 91,738 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | | | 30,000 | (30,000) |
| Net change in fund balance | 2,353 | 2,353 | 64,091 | 61,738 |
| FUND BALANCE, APRIL 1, 2006 | 349,219 | 349,219 | 349,219 | |
| FUND BALANCE, MARCH 31, 2007 | \$ 351,572 | \$ 351,572 | \$ 413,310 | \$ 61,738 |

LYNDON TOWNSHIP
FIRE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2007

| | Budget Amount | | Actual | Variance with Final Budget Positive (Negative) |
|------------------------------|-------------------|-------------------|-------------------|------------------------------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Special assessments | \$ | \$ | \$ 178,846 | \$ |
| Fire runs | | | 1,298 | |
| Interest | | | 5,430 | |
| | | | | |
| Total revenues | 181,300 | 181,300 | 185,574 | 4,274 |
| EXPENDITURES | | | | |
| Fire authority contract | | | 149,447 | |
| Equipment fund | | | 21,497 | |
| Meeting fees | | | 975 | |
| Transportation | | | 182 | |
| Miscellaneous | | | 100 | |
| | | | | |
| Total expenditures | 174,100 | 174,100 | 172,201 | 1,899 |
| Net change in fund balance | 7,200 | 7,200 | 13,373 | 6,173 |
| FUND BALANCE, APRIL 1, 2006 | 208,648 | 208,648 | 208,648 | |
| PRIOR PERIOD ADJUSTMENT | | | (10,965) | (10,965) |
| FUND BALANCE, MARCH 31, 2007 | <u>\$ 215,848</u> | <u>\$ 215,848</u> | <u>\$ 211,056</u> | <u>\$ (4,792)</u> |

SUPPLEMENTARY
INFORMATION

COMBINING
STATEMENTS

TOWNSHIP OF LYNDON
ALL SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
MARCH 31, 2007

| | <u>Trust and Agency Fund</u> | <u>Current Tax Fund</u> | <u>Totals</u> |
|-----------------------------------------|----------------------------------|-----------------------------|--------------------------|
| <u>ASSETS</u> | | | |
| ASSETS | | | |
| Cash | \$ 170,990 | \$ 197,540 | \$ 368,530 |
| Taxes receivable | 10,274 | | 10,274 |
| Due from other funds | <u>29,919</u> | <u>3,932</u> | <u>33,851</u> |
| Total assets | <u><u>\$ 211,183</u></u> | <u><u>\$ 201,472</u></u> | <u><u>\$ 412,655</u></u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | | |
| LIABILITIES | | | |
| Accounts payable | \$ 127 | \$ | \$ 127 |
| FUND BALANCE | <u>211,056</u> | <u>201,472</u> | <u>412,528</u> |
| Total liabilities | <u><u>\$ 211,183</u></u> | <u><u>\$ 201,472</u></u> | <u><u>\$ 412,655</u></u> |

TOWNSHIP OF LYNDON
ALL DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
MARCH 31, 2007

| | <u>Multi-Lake Phase I Debt Service Fund</u> | <u>Multi-Lake Phase II Debt Service Fund</u> | <u>Sugarloaf Debt Service Fund</u> | <u>Totals</u> |
|-----------------------------------------|-----------------------------------------------------|------------------------------------------------------|--------------------------------------------|---------------------|
| <u>ASSETS</u> | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 39,389 | \$ 1,283,592 | \$ 1,060,353 | \$ 2,383,334 |
| Due from other funds | | 1,026 | 1,337 | 2,363 |
| Due from county | 1,973 | 21,000 | 8,633 | 31,606 |
| Special assessment receivable | <u>95,970</u> | <u>1,592,896</u> | <u>1,228,638</u> | <u>2,917,504</u> |
| Total assets | <u>\$ 137,332</u> | <u>\$ 2,898,514</u> | <u>\$ 2,298,961</u> | <u>\$ 5,334,807</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | | | |
| LIABILITIES | | | | |
| Accounts payable | | | | |
| Deferred revenue | \$ 95,970 | \$ 1,592,896 | \$ 1,228,639 | \$ 2,917,505 |
| Accrued interest payable | | 43,063 | 32,400 | 75,463 |
| Due to other funds | 1,026 | | | 1,026 |
| Bond payable | | <u>178,205</u> | <u>255,500</u> | <u>433,705</u> |
| Total liabilities | 96,996 | 1,814,164 | 1,516,539 | 3,427,699 |
| FUND BALANCE | | | | |
| Fund balance | <u>40,336</u> | <u>1,084,350</u> | <u>782,422</u> | <u>1,907,108</u> |
| Total liabilities and fund balance | <u>\$ 137,332</u> | <u>\$ 2,898,514</u> | <u>\$ 2,298,961</u> | <u>\$ 5,334,807</u> |

TOWNSHIP OF LYNDON
ALL AGENCY FUNDS
COMBINING BALANCE SHEET
MARCH 31, 2007

| | <u>Current Tax Collection</u> | <u>Trust and Agency</u> | <u>Totals</u> |
|------------------------|-----------------------------------|-----------------------------|-----------------------------|
| <u>ASSETS</u> | | | |
| ASSETS | | | |
| Cash | \$ 18,850 | \$ 18,654 | \$ 37,504 |
| Due from other | | 821 | 821 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u>\$ 18,850</u> | <u>\$ 19,475</u> | <u>\$ 38,325</u> |
| <u>LIABILITIES</u> | | | |
| LIABILITIES | | | |
| Due to others | \$ 6,572 | \$ | \$ 6,572 |
| Due to other funds | 12,278 | 19,475 | 31,753 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities | <u>\$ 18,850</u> | <u>\$ 19,475</u> | <u>\$ 38,325</u> |

TOWNSHIP OF LYNDON
ALL SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2007

| | <u>Fire Fund</u> | <u>Public Improvement Fund</u> | <u>Totals</u> |
|--------------------------------------------------------------|--------------------------|----------------------------------------|--------------------------|
| REVENUES | | | |
| Special assessments | \$ 178,846 | \$ | \$ 178,846 |
| Fire run charges | 1,298 | | 1,298 |
| Miscellaneous | | | |
| Reimbursements | | 3,932 | 3,932 |
| Interest | <u>5,430</u> | <u>8,931</u> | <u>14,361</u> |
| Total revenues | <u>185,574</u> | <u>12,863</u> | <u>198,437</u> |
| EXPENDITURES | | | |
| Fire protection | 172,201 | | 172,201 |
| Project costs - township hall | | <u>6,389</u> | <u>6,389</u> |
| Total expenditures | <u>172,201</u> | <u>6,389</u> | <u>178,590</u> |
| Excess (Deficiency) of revenues over (under) expenditures | 13,373 | 6,474 | 19,847 |
| OTHER FINANCING (USES) | | | |
| Transfers in | | <u>30,000</u> | <u>30,000</u> |
| Net changes in fund balances | 13,373 | 36,474 | 49,847 |
| FUND BALANCE, APRIL 1, 2006 | 208,648 | 164,998 | 373,646 |
| PRIOR PERIOD ADJUSTMENT | <u>(10,965)</u> | | <u>(10,965)</u> |
| FUND BALANCE, MARCH 31, 2007 | <u><u>\$ 211,056</u></u> | <u><u>\$ 201,472</u></u> | <u><u>\$ 412,528</u></u> |

TOWNSHIP OF LYNDON
ALL DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2007

| | Multi-Lake Phase I Debt Service Fund | Multi-Lake Phase II Debt Service Fund | Sugarloaf Debt Service Fund | Totals |
|--------------------------------------------------------------|--------------------------------------------|---------------------------------------------|-----------------------------------|---------------------|
| REVENUES | | | | |
| Special assessments - principal | \$ 13,710 | \$ 220,637 | \$ 378,922 | \$ 613,269 |
| Special assessments - interest | 7,001 | 100,893 | 77,685 | 185,579 |
| Miscellaneous | | 109 | | 109 |
| Contributions from county | | | 152,976 | 152,976 |
| Reimbursement from project costs | | | 40,147 | 40,147 |
| Interest | 947 | 37,563 | 47,814 | 86,324 |
| | <u>21,658</u> | <u>359,202</u> | <u>697,544</u> | <u>1,078,404</u> |
| Total revenues | | | | |
| | <u>21,658</u> | <u>359,202</u> | <u>697,544</u> | <u>1,078,404</u> |
| EXPENDITURES | | | | |
| Project costs | | | 503 | 503 |
| Charge backs | | 10 | | 10 |
| Multi lakes water and sewer | | 13,105 | | 13,105 |
| Debt service | | | | |
| Principal | | 178,205 | 255,500 | 433,705 |
| Interest | | 104,070 | 81,009 | 185,079 |
| | <u></u> | <u>104,070</u> | <u>81,009</u> | <u>185,079</u> |
| Total expenditures | | <u>295,390</u> | <u>337,012</u> | <u>632,402</u> |
| | | | | |
| Excess (Deficiency) of revenues over (under) expenditures | 21,658 | 63,812 | 360,532 | 446,002 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | | 30,100 | | 30,100 |
| Transfers out | (30,100) | | | (30,100) |
| | <u>(30,100)</u> | <u>30,100</u> | <u></u> | <u></u> |
| Total other financing sources (uses) | | | | |
| | <u>(30,100)</u> | <u>30,100</u> | <u></u> | <u></u> |
| Net change in fund balance | (8,442) | 93,912 | 360,532 | 446,002 |
| FUND BALANCE, APRIL 1, 2006 | <u>48,778</u> | <u>990,438</u> | <u>421,890</u> | <u>1,461,106</u> |
| FUND BALANCE, MARCH 31, 2007 | <u>\$ 40,336</u> | <u>\$ 1,084,350</u> | <u>\$ 782,422</u> | <u>\$ 1,907,108</u> |

INDIVIDUAL
FUNDS

GENERAL
FUND

TOWNSHIP OF LYNDON
GENERAL FUND
BALANCE SHEET
MARCH 31, 2007

ASSETS

ASSETS

| | | |
|----------------------------------|----|-----------------------|
| Cash | \$ | 386,161 |
| Accounts receivable - projects | | 19,000 |
| Taxes receivable | | 10,645 |
| State shared revenues receivable | | 28,537 |
| Due from other fund | | <u>4,677</u> |
| Total assets | \$ | <u><u>449,020</u></u> |

LIABILITIES AND FUND BALANCE

LIABILITIES

| | | |
|--------------------|----|---------------|
| Accounts payable | \$ | 1,596 |
| Due to other funds | | <u>34,114</u> |

| | | |
|-------------------|----|--------|
| Total liabilities | \$ | 35,710 |
|-------------------|----|--------|

FUND BALANCE

| |
|--------------------------|
| <u>413,310</u> |
| <u><u>\$ 449,020</u></u> |

TOWNSHIP OF LYNDON
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2007

| | Amended Budget | Actual | Variance Favorable (Unfavorable) |
|--------------------------------------------------------------|-------------------|------------|----------------------------------------|
| REVENUES | | | |
| Taxes | \$ 87,000 | \$ 94,577 | \$ 7,577 |
| Licenses and permits | 17,000 | 11,080 | (5,920) |
| State shared revenues | 170,000 | 173,814 | 3,814 |
| Charges for services | 50,500 | 46,412 | (4,088) |
| Interest | 5,500 | 14,949 | 9,449 |
| Miscellaneous revenues | 9,211 | 22,248 | 13,037 |
| Total revenues | 339,211 | 363,080 | 23,869 |
| EXPENDITURES | | | |
| Township board | 63,600 | 42,094 | 21,506 |
| Supervisor | 28,536 | 24,023 | 4,513 |
| Elections | 24,700 | 17,836 | 6,864 |
| Ordinance officer | 21,100 | 16,162 | 4,938 |
| Assessor | 27,300 | 24,818 | 2,482 |
| Clerk | 30,686 | 26,863 | 3,823 |
| Board of review | 1,900 | 1,860 | 40 |
| Treasurer | 32,986 | 28,795 | 4,191 |
| Township hall and grounds | 25,000 | 17,455 | 7,545 |
| Unallocated | 45,000 | 42,455 | 2,545 |
| Planning commission | 8,800 | 4,315 | 4,485 |
| Zoning board of appeals | 3,250 | 1,637 | 1,613 |
| Recycling | 4,000 | 4,472 | (472) |
| Landfill closing | 5,000 | 3,525 | 1,475 |
| Roads | 15,000 | 12,679 | 2,321 |
| Total expenditures | 336,858 | 268,989 | 67,869 |
| Excess (Deficiency) of revenues over (under) expenditures | 2,353 | 94,091 | 91,738 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers out | | 30,000 | (30,000) |
| Net change in fund balance | 2,353 | 64,091 | 61,738 |
| FUND BALANCE, APRIL 1, 2006 | 349,219 | 349,219 | |
| FUND BALANCE, MARCH 31, 2007 | \$ 351,572 | \$ 413,310 | \$ 61,738 |

TOWNSHIP OF LYNDON
GENERAL FUND
STATEMENT OF REVENUES - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2007

| | Amended Budget | Actual | Variance Favorable (Unfavorable) |
|----------------------------------|-------------------|------------|----------------------------------------|
| TAXES | | | |
| Current property taxes | \$ 87,000 | \$ 94,577 | \$ 7,577 |
| LICENSES AND PERMITS | 17,000 | 11,080 | (5,920) |
| STATE SHARED REVENUES | 170,000 | 173,814 | 3,814 |
| CHARGES FOR SERVICES | | | |
| Elections | | 1,079 | |
| Various fees | | 1,847 | |
| Property tax administration fees | | 43,486 | |
| Total charges for services | 50,500 | 46,412 | (4,088) |
| MISCELLANEOUS REVENUES | | | |
| Metro Act | | 2,871 | |
| Interest on investments | | 14,949 | |
| Swamp income | | 2,711 | |
| Miscellaneous | | 16,666 | |
| Total miscellaneous revenues | 14,711 | 37,197 | 22,486 |
| Total revenues | \$ 339,211 | \$ 363,080 | \$ 23,869 |

TOWNSHIP OF LYNDON
GENERAL FUND
STATEMENT OF EXPENDITURES - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2007

| | Amended Budget | Actual | Variance Favorable (Unfavorable) |
|--------------------------|-------------------|---------------|----------------------------------------|
| TOWNSHIP BOARD | | | |
| Trustee fee | \$ | \$ 8,780 | \$ |
| Clerical staff | | 11,677 | |
| Office supplies | | 3,603 | |
| Audit | | 5,500 | |
| Legal | | 4,312 | |
| Computer software | | 4,320 | |
| Computer consulting | | 1,859 | |
| Transportation | | 286 | |
| Engineering | | 1,252 | |
| Miscellaneous | | 24 | |
| Printing and publication | | 481 | |
| | <u>63,600</u> | <u>42,094</u> | <u>21,506</u> |
| Total township board | | | |
| SUPERVISOR | | | |
| Supervisor salary | | 21,486 | |
| Special meeting | | 1,820 | |
| Office supplies | | 46 | |
| Telephone | | 28 | |
| Transportation | | 643 | |
| | <u>28,536</u> | <u>24,023</u> | <u>4,513</u> |
| Total supervisor | | | |
| ELECTIONS | | | |
| Wages | | 13,510 | |
| Office supplies | | 268 | |
| Transportation | | 527 | |
| Printing and publication | | 2,725 | |
| Miscellaneous | | 806 | |
| | <u>24,700</u> | <u>17,836</u> | <u>6,864</u> |
| Total elections | | | |
| ORDINANCE OFFICER | | | |
| Wages | | 12,219 | |
| Special meeting | | 715 | |
| Permits | | 2,840 | |
| Office supplies | | 108 | |
| Transportation | | 280 | |
| | <u>21,100</u> | <u>16,162</u> | <u>4,938</u> |
| Total ordinance officer | | | |

TOWNSHIP OF LYNDON
GENERAL FUND
STATEMENT OF EXPENDITURES - AMENDED BUDGET AND ACTUAL - (continued)
FOR THE YEAR ENDED MARCH 31, 2007

| | Amended Budget | Actual | Variance Favorable (Unfavorable) |
|----------------------------------|-------------------|-----------|----------------------------------------|
| ASSESSOR | | | |
| Assessor wages and fees | \$ | \$ 23,758 | \$ |
| Supplies and postage | | 1,060 | |
| Total assessor | 27,300 | 24,818 | 2,482 |
| CLERK | | | |
| Clerk salary | | 21,486 | |
| Special meetings | | 2,600 | |
| Assistant | | 702 | |
| Supplies and postage | | 887 | |
| Transportation | | 547 | |
| Printing and publication | | 576 | |
| Miscellaneous | | 65 | |
| Total clerk | 30,686 | 26,863 | 3,823 |
| BOARD OF REVIEW | | | |
| Wages | | 1,698 | |
| Printing and publication | | 162 | |
| Total board of review | 1,900 | 1,860 | 40 |
| TREASURER | | | |
| Treasurer salary | | 22,986 | |
| Assistant salary | | 1,941 | |
| Special meetings | | 1,170 | |
| Supplies and postage | | 2,057 | |
| Transportation | | 393 | |
| Printing and publications | | 248 | |
| Total treasurer | 32,986 | 28,795 | 4,191 |
| TOWNSHIP HALL AND GROUNDS | | | |
| Wages | | 1,335 | |
| Maintenance | | 7,638 | |
| Supplies | | 312 | |
| Communications | | 2,928 | |
| Internet | | 270 | |
| Utilities | | | |
| Gas | | 2,671 | |
| Electric | | 1,820 | |
| Miscellaneous | | 481 | |
| Total township hall and grounds | 25,000 | 17,455 | 7,545 |

TOWNSHIP OF LYNDON
GENERAL FUND
STATEMENT OF EXPENDITURES - AMENDED BUDGET AND ACTUAL - (continued)
FOR THE YEAR ENDED MARCH 31, 2007

| | Amended Budget | Actual | Variance Favorable (Unfavorable) |
|-------------------------------|-------------------|------------|----------------------------------------|
| UNALLOCATED | | | |
| Wages | \$ | \$ 1,445 | \$ |
| Taxes - payroll | | 9,066 | |
| Maintenance | | 909 | |
| Membership and dues | | 2,676 | |
| Insurance and bonds | | 14,267 | |
| Education and seminars | | 2,374 | |
| Equipment rental | | 4,058 | |
| Tax chargebacks | | 600 | |
| Capital acquisitions | | 5,758 | |
| Miscellaneous | | 1,302 | |
| | | | |
| Total unallocated | 45,000 | 42,455 | 2,545 |
| | | | |
| PLANNING COMMISSION | | | |
| Wages | | 2,385 | |
| Miscellaneous | | 4 | |
| Special projects | | 1,721 | |
| Printing and publication | | 205 | |
| | | | |
| Total planning and zoning | 8,800 | 4,315 | 4,485 |
| | | | |
| ZONING BOARD OF APPEALS | | | |
| Fees | | 1,215 | |
| Printing and postage | | 422 | |
| | | | |
| Total zoning board of appeals | 3,250 | 1,637 | 1,613 |
| | | | |
| LANDFILL CLOSING | 5,000 | 3,525 | 1,475 |
| | | | |
| RECYCLING | 4,000 | 4,472 | (472) |
| | | | |
| ROADS | 15,000 | 12,679 | 2,321 |
| | | | |
| Total expenditures | \$ 336,858 | \$ 268,989 | \$ 678,696 |

FIRE
FUND

LYNDON TOWNSHIP
FIRE FUND
BALANCE SHEET
MARCH 31, 2007

ASSETS

ASSETS

| | |
|---------------------|-------------------|
| Cash | \$ 170,990 |
| Taxes receivable | 10,274 |
| Due from other fund | <u>29,919</u> |
| Total assets | <u>\$ 211,183</u> |

LIABILITIES AND FUND BALANCE

LIABILITIES

| | |
|------------------|--------|
| Accounts payable | \$ 127 |
|------------------|--------|

FUND BALANCE

| |
|-------------------|
| <u>211,056</u> |
| <u>\$ 211,183</u> |

LYNDON TOWNSHIP
FIRE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2007

| | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|------------------------------|-------------------|-------------------|----------------------------------------|
| REVENUES | | | |
| Special assessments | \$ | \$ 178,846 | \$ |
| Fire runs | | 1,298 | |
| Interest | | 5,430 | |
| | | <u> </u> | <u> </u> |
| Total revenues | <u>181,300</u> | <u>185,574</u> | <u>4,274</u> |
| EXPENDITURES | | | |
| Fire authority contract | | 149,447 | |
| Equipment fund | | 21,497 | |
| Meeting fees | | 975 | |
| Transportation | | 182 | |
| Miscellaneous | | 100 | |
| | | <u> </u> | <u> </u> |
| Total expenditures | <u>174,100</u> | <u>172,201</u> | <u>1,899</u> |
| Net change in fund balance | 7,200 | 13,373 | 6,173 |
| FUND BALANCE, APRIL 1, 2006 | 208,648 | 208,648 | |
| PRIOR PERIOD ADJUSTMENT | | (10,965) | (10,965) |
| | | <u> </u> | <u> </u> |
| FUND BALANCE, MARCH 31, 2007 | <u>\$ 215,848</u> | <u>\$ 211,056</u> | <u>\$ (4,792)</u> |

PUBLIC
IMPROVEMENT
FUND

LYNDON TOWNSHIP
PUBLIC IMPROVEMENT FUND
BALANCE SHEET
MARCH 31, 2007

ASSETS

ASSETS

| | |
|-----------------------|-------------------|
| Cash | \$ 197,540 |
| Due from general fund | <u>3,932</u> |
| Total assets | <u>\$ 201,472</u> |

FUND BALANCE

| | |
|--------------|-------------------|
| FUND BALANCE | <u>\$ 201,472</u> |
|--------------|-------------------|

TOWNSHIP OF LYNDON
PUBLIC IMPROVEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2007

| | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|--------------------------------------------------------------|-------------------|-------------------|----------------------------------------|
| REVENUES | | | |
| Interest | \$ 3,000 | \$ 8,931 | \$ |
| Reimbursements | | <u>3,932</u> | |
| Total revenues | <u>3,000</u> | <u>12,863</u> | <u>9,863</u> |
| EXPENDITURES | | | |
| Project costs - township hall | <u>500</u> | <u>6,389</u> | <u>5,889</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>2,500</u> | <u>6,474</u> | <u>3,974</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfer in | <u>30,000</u> | <u>30,000</u> | |
| Net change in fund balance | 32,500 | 36,474 | 3,974 |
| FUND BALANCE, APRIL 1, 2006 | <u>164,998</u> | <u>164,998</u> | |
| FUND BALANCE, MARCH 31, 2007 | <u>\$ 197,498</u> | <u>\$ 201,472</u> | <u>\$ 3,974</u> |

MULTI LAKE
PHASE I
DEBT
SERVICE
FUND

TOWNSHIP OF LYNDON
MULTI LAKE PHASE I DEBT SERVICE FUND
BALANCE SHEET
MARCH 31, 2007

ASSETS

ASSETS

| | |
|-----------------|--------------|
| Cash | \$ 39,389 |
| Due from county | <u>1,973</u> |

| | |
|----------------------|-----------|
| Total current assets | \$ 41,362 |
|----------------------|-----------|

| | |
|----------------------------------------|---------------|
| DEFERRED SPECIAL ASSESSMENT RECEIVABLE | <u>95,970</u> |
|----------------------------------------|---------------|

| |
|--------------------------|
| <u><u>\$ 137,332</u></u> |
|--------------------------|

LIABILITIES AND FUND BALANCE

LIABILITIES

| | |
|--------------------|--------------|
| Deferred revenues | \$ 95,970 |
| Due to other funds | <u>1,026</u> |

| | |
|---------------------------|-----------|
| Total current liabilities | \$ 96,996 |
|---------------------------|-----------|

| | |
|-----------------------|---------------|
| RESERVED FUND BALANCE | <u>40,336</u> |
|-----------------------|---------------|

| |
|--------------------------|
| <u><u>\$ 137,332</u></u> |
|--------------------------|

TOWNSHIP OF LYNDON
MULTI LAKE PHASE I DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2007

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--------------------------------------------------------------|------------------|------------------|-------------------------------------------------|
| REVENUES | | | |
| Special assessments - principal | \$ | \$ 13,710 | \$ |
| Special assessments - interest | | 7,001 | |
| Interest | | 947 | |
| | | | |
| Total revenues | 31,913 | 21,658 | (10,255) |
| EXPENDITURES | <u>10,000</u> | | <u>10,000</u> |
| | | | |
| Excess (deficiency) of revenues over (under) expenditures | <u>21,913</u> | <u>21,658</u> | <u>(255)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfer out | | <u>30,100</u> | <u>(30,100)</u> |
| | | | |
| Net change in fund balance | 21,913 | (8,442) | (30,355) |
| FUND BALANCE, APRIL 1, 2006 | <u>48,778</u> | <u>48,778</u> | |
| FUND BALANCE, MARCH 31, 2007 | <u>\$ 70,691</u> | <u>\$ 40,336</u> | <u>\$ 30,355</u> |

MULTI LAKE
PHASE II
DEBT
SERVICE
FUND

TOWNSHIP OF LYNDON
MULTI LAKE PHASE II DEBT SERVICE FUND
BALANCE SHEET
MARCH 31, 2007

ASSETS

ASSETS

| | |
|----------------------|---------------|
| Cash | \$ 1,283,592 |
| Due from other funds | 1,026 |
| Due from county | <u>21,000</u> |

| | |
|----------------------|--------------|
| Total current assets | \$ 1,305,618 |
|----------------------|--------------|

| | |
|----------------------------------------|------------------|
| DEFERRED SPECIAL ASSESSMENT RECEIVABLE | <u>1,592,896</u> |
|----------------------------------------|------------------|

| | |
|--|----------------------------|
| | <u><u>\$ 2,898,514</u></u> |
|--|----------------------------|

LIABILITIES AND FUND BALANCE

LIABILITIES

| | |
|--------------------------|----------------|
| Deferred revenues | \$ 1,592,896 |
| Accrued interest payable | 43,063 |
| Bond payable | <u>178,205</u> |

| | |
|---------------------------|--------------|
| Total current liabilities | \$ 1,814,164 |
|---------------------------|--------------|

| | |
|-----------------------|------------------|
| RESERVED FUND BALANCE | <u>1,084,350</u> |
|-----------------------|------------------|

| | |
|--|----------------------------|
| | <u><u>\$ 2,898,514</u></u> |
|--|----------------------------|

TOWNSHIP OF LYNDON
MULTI LAKE PHASE II DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2007

| | Budget | Actual | Variance Favorable (Unfavorable) |
|--------------------------------------------------------------|------------|--------------|----------------------------------------|
| REVENUES | | | |
| Special assessments - principal | \$ | \$ 220,637 | \$ |
| Special assessments - interest | | 100,893 | |
| Interest | | 37,563 | |
| Miscellaneous | | 109 | |
| Total revenues | 234,783 | 359,202 | 124,419 |
| EXPENDITURES | | | |
| Bond payment - principal | | 178,205 | |
| Bond payment - interest/fees | | 104,070 | |
| Charge backs | | 10 | |
| Multi lakes water and sewer | | 13,105 | |
| Total expenditures | 284,677 | 295,390 | (10,713) |
| Excess (deficiency) of revenues over (under) expenditures | (49,894) | 63,812 | 113,706 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfer in | | 30,100 | 30,100 |
| Net change in fund balance | (49,894) | 93,912 | 143,806 |
| FUND BALANCE, APRIL 1, 2006 | 990,438 | 990,438 | |
| FUND BALANCE, MARCH 31, 2007 | \$ 940,544 | \$ 1,084,350 | \$ 143,806 |

SUGARLOAF
DEBT
SERVICE
FUND

TOWNSHIP OF LYNDON
SUGARLOAF DEBT SERVICE FUND
BALANCE SHEET
MARCH 31, 2007

ASSETS

ASSETS

| | |
|----------------------|--------------|
| Cash | \$ 1,060,353 |
| Due from county | 8,633 |
| Due from other funds | <u>1,337</u> |

| | |
|----------------------|--------------|
| Total current assets | \$ 1,070,323 |
|----------------------|--------------|

| | |
|----------------------------------------|------------------|
| DEFERRED SPECIAL ASSESSMENT RECEIVABLE | <u>1,228,638</u> |
|----------------------------------------|------------------|

| | |
|--|----------------------------|
| | <u><u>\$ 2,298,961</u></u> |
|--|----------------------------|

LIABILITIES AND FUND BALANCE

LIABILITIES

| | |
|--------------------------|------------------|
| Accrued interest payable | \$ 32,400 |
| Matured bonds payable | 255,500 |
| Deferred revenues | <u>1,228,639</u> |

| | |
|---------------------------|--------------|
| Total current liabilities | \$ 1,516,539 |
|---------------------------|--------------|

| | |
|-----------------------|----------------|
| RESERVED FUND BALANCE | <u>782,422</u> |
|-----------------------|----------------|

| | |
|--|----------------------------|
| | <u><u>\$ 2,298,961</u></u> |
|--|----------------------------|

TOWNSHIP OF LYNDON
SUGARLOAF DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2007

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---------------------------------|--------------------------|--------------------------|-------------------------------------------------|
| REVENUES | | | |
| Special assessments - principal | \$ | \$ 378,922 | \$ |
| Special assessments - interest | | 77,685 | |
| Interest income | | 47,814 | |
| Contributions from county | | 152,976 | |
| Reimburse from project costs | | 40,147 | |
| | | <u> </u> | <u> </u> |
| Total revenues | <u>95,390</u> | <u>697,544</u> | <u>602,154</u> |
| EXPENDITURES | | | |
| Bond payment - principal | | 255,500 | |
| Bond payment - interest | | 81,009 | |
| Project costs - sewer | | 503 | |
| | | <u> </u> | <u> </u> |
| Total expenditures | <u>\$336,548</u> | <u>337,012</u> | <u>(464)</u> |
| Net change in fund balance | (241,158) | 360,532 | 601,690 |
| FUND BALANCE, APRIL 1, 2006 | <u>421,890</u> | <u>421,890</u> | <u> </u> |
| FUND BALANCE, MARCH 31, 2007 | <u><u>\$ 180,732</u></u> | <u><u>\$ 782,422</u></u> | <u><u>\$ 601,690</u></u> |

CURRENT
TAX
COLLECTION
FUND

TOWNSHIP OF LYNDON
CURRENT TAX COLLECTION FUND
BALANCE SHEET
MARCH 31, 2007

ASSETS

ASSETS

Cash

\$ 18,850

LIABILITIES

LIABILITIES

Due to other funds

\$ 6,572

Due to others

12,278

Total liabilities

\$ 18,850

TRUST
AND
AGENCY
FUND

TOWNSHIP OF LYNDON
TRUST AND AGENCY FUND
BALANCE SHEET
MARCH 31, 2007

ASSETS

ASSETS

| | |
|----------------------|------------------|
| Cash | \$ 18,654 |
| Due from other funds | <u>821</u> |
| Total assets | <u>\$ 19,475</u> |

LIABILITIES

LIABILITIES

| | |
|---------------|------------------|
| Due to others | <u>\$ 19,475</u> |
|---------------|------------------|

TOWNSHIP OF LYNDON

COMMENTS
AND
RECOMMENDATIONS

FOR THE YEAR ENDED MARCH 31, 2007



PFEFFER ■ HANNIFORD ■ PALKA
Certified Public Accountants

John M. Pfeffer, C.P.A.
Patrick M. Hanniford, C.P.A.
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Members:
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225 E. Grand River - Suite 104
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(810) 229-5550
FAX (810) 229-5578

May 23, 2007

Board of Trustees
Township of Lyndon
17751 N. Territorial Road
Chelsea, Michigan 48118

Honorable Board of Trustees:

In planning and performing our audit of the financial statements of the Township of Lyndon for the year ended March 31, 2007, we considered the Township's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of matters that are an opportunity for strengthening internal controls and operating efficiency.

1. COMMENT

There were instances in which no documentation was available for deposits.

RECOMMENDATION

More documentation should be kept with deposits.

2. COMMENT

There were several instances when the check copy was not attached to the invoice.

RECOMMENDATION

Check copies should be stapled to invoice that it is being paid.

3. COMMENT

Checks and invoices are filed by month.

RECOMMENDATION

Paid invoices should be filed in alphabetical order by fiscal year.

4. COMMENT

There are instances where old outstanding checks have not cleared the bank.

RECOMMENDATION

The checks should be voided and reissued or they should be escheated to the state.

5. COMMENT

September 2006 941 wages and compensation is zero (\$0).

RECOMMENDATION

File a 941C with the correct wages.

6. COMMENT

There were instances in which the Township paid sales tax.

RECOMMENDATION

The Township is exempt from sales tax they should apply to get sales taxes paid reimbursed.

RECURRING COMMENTS FROM PRIOR AUDIT PERIODS

- The Debt Service Funds should be reviewed annually to determine an adequacy of resources to service the bond interest and principal.

This letter does not affect our report dated May 23, 2007, on the financial statements of the Township of Lyndon.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and recommendations with various Township personnel, and we will be pleased to discuss them in further detail at your convenience.

This communication is intended solely for the information and use of the Township Board and is not intended to be and should not be used by any other party.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants



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May 23, 2007

Board of Trustees
Township of Lyndon
17751 N. Territorial Road
Chelsea, Michigan 48118

Honorable Board of Trustees:

In planning and performing our audit of the financial statements of the governmental activities of the Township of Lyndon as of and for the year ended March 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control of financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses (terms defined below). However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

SIGNIFICANT DEFICIENCIES

A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control. We consider these control deficiencies to be significant deficiencies in internal control.

MATERIAL WEAKNESSES

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control. We consider these control deficiencies to constitute material weaknesses in internal control.

CURRENT YEAR MATERIAL WEAKNESS FINANCIAL REPORTING

- Township of Lyndon does not maintain a GASB 34 fund.

Generally accepted accounting principles for governmental units require that they report their financial information in compliance with governmental Accounting Standards Board (GASB) Statement No. 34. At this time, the Township of Lyndon does not maintain a GASB 34 fund but relies on the audit firm to provide assistance with converting their modified accrual statements to full accrual statements for external reporting purposes.

The Township staff does not possess the specialized training required to prepare financial statements and disclosure footnotes in compliance with generally accepted accounting principles and Governmental Accounting Standards Board Statement No. 34.

The Township of Lyndon's Board needs to mitigate this situation by having a heightened awareness of all transactions and information reported in the external financial statements.

In addition to the significant deficiency and material weakness noted above, we noted other matters involving the Township of Lyndon's internal control and its operation that we have reported to the Township Board of Lyndon in a separate letter dated May 23, 2007.

This communication is intended solely for the use of Lyndon Township Board and the State of Michigan, and is not intended to be and should not be used by anyone other than these specified parties.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants